

reflect the costs incurred by EPA and its contractors at those sites; prepare and certify cost packages, which contain true and accurate copies of cost documentation for EPA's costs incurred and paid at a specific Superfund site; and prepare and certify cost summary reports, which summarize the information in the certified cost packages.

3. Pursuant to Section 111 of CERCLA, 42 U.S.C. § 9611, EPA maintains records that document all response costs incurred by EPA. As part of my responsibilities, I have reviewed documentation relating to EPA's costs incurred for site response actions at the Desler/Plywood Mill Asbestos Superfund Site in Sweet Home, Oregon ("the Desler Site"), Site ID No. 10HG, for costs incurred through July 31, 2012. As part of the cost documentation process for the Desler Site, I have reviewed documents generated by EPA or its contractors at or near the time of the events recorded, and compiled and maintained in the regular course of EPA's business. The following paragraphs explain EPA Region 10's use of both SCORPIOS and the EPA Financial System, as it relates to specific cost information reviewed and prepared for the Desler Site.

EPA's SCORPIOS System

4. EPA Region 10 utilizes a computer program known as Superfund Cost Recovery Package Imaging and On-Line System ("SCORPIOS"). SCORPIOS is a multi-user data management system that EPA developed to organize and track Superfund costs and provide or store supporting documents (images). SCORPIOS produces the cost summary reports referred to above; for this reason, cost summary reports are known as "SCORPIOS Reports."

5. SCORPIOS Reports summarize both direct and indirect costs on a site-specific basis, with costs organized into categories such as EPA payroll, travel, contractor costs, other expenditures, indirect costs, and costs to state and other federal agencies.

The EPA Financial System

6. The EPA Financial System provides the bulk of all EPA cost information in the SCORPIOS system. As EPA incurs costs for a Superfund site, the costs are entered into the EPA Financial System and paid. All costs that appear in the SCORPIOS Report are costs paid by EPA for a particular site. The SCORPIOS Report summarizes a voluminous set of cost documents reflecting costs incurred. Prior to October 1, 2012, the SCORPIOS system extracted this voluminous information from EPA's Integrated Financial Management System. After October 1, 2012, the information is extracted from the new EPA Financial System called COMPASS.

7. A certified SCORPIOS Report (i.e., a certified cost summary report) refers to a SCORPIOS Report that has been reconciled to all of its supporting documentation and to the EPA Financial System (i.e., original cost documentation and proof of payments made by EPA have been verified with the information presented in the SCORPIOS Report).

8. EPA has adequate accounting procedures to account for and track response costs.

Direct Costs

9. Direct costs are those expenses directly traced to a particular activity, such as cleanup action. Direct costs for Superfund activities include EPA payroll, EPA travel costs, and contractor costs, for sampling, cleanup, remediation, and other activities. There are two main types of direct costs for Superfund sites: intramural (i.e., employee salary and travel costs) and extramural (i.e., contractor costs).

10. Data for all direct costs are entered into the EPA Financial System by the Financial Management Division at EPA Headquarters, the Office of Management Programs at

EPA Region 10 in Seattle, Washington, and the Financial Management Centers in Cincinnati, Ohio, Research Triangle Park, North Carolina, and Las Vegas, Nevada.

Employee Salaries

11. Prior to October 2004, costs incurred by EPA for employee salaries were derived in part from employee timekeeping records, known as the Electronic Timesheet System. In the regular course of EPA's business, EPA documented employee salary costs with these payroll distribution timesheets. When charging time to a Superfund site, EPA employees were required to record the site/spill identification number on the payroll distribution timesheets. Employees certified the accuracy of their timesheets with their signature. Supervisors of the employees also certified the employees' timesheets with their signature.

12. In October 2004, EPA began using PeoplePlus (an Integrated Human Resources, Payroll, Time and Labor System) to record and distribute labor charges, including Superfund site-specific payroll charges. With the electronic system, the site-specific charging concept remained the same. However, instead of employee and supervisor signatures on hard copy documentation, the employee charging the Superfund site-specific hours is required to electronically "attest" to the accuracy of the electronic timesheet. The employee's supervisor approves the attested timesheet. The payroll charges are then reported in the EPA Financial System. SCORPIOS extracts this data from the EPA Financial System, in a report format.

Employee Travel Costs

13. Costs incurred by EPA for employee travel are derived from travel vouchers. Employees on official Superfund travel are required to cite the purpose of the trip, the Superfund code, and the site/spill identification number on their travel authorizations and travel vouchers. Employees and their supervisors certify the accuracy of the employees' travel authorizations and

vouchers by electronic signature. EPA currently utilizes an electronic travel authorization and vouchering system with automated travel planning capabilities called GovTrip. After travel charges are processed in the EPA Financial System, SCORPIOS extracts this data from the EPA Financial System in a report format.

Contractor Costs

14. EPA expenditures for contractor services are documented by contract vouchers/invoices. Vouchers are periodic (usually monthly) statements from a contractor detailing the work performed for a specific time period. The vouchers are reviewed and approved by the EPA Project Officer for the relevant Superfund site(s).

15. In order to receive payment, a contractor must send an invoice to the EPA Contract Payment Branch officer at the RTP Finance Center in Research Triangle Park, North Carolina. The RTP Finance Center processes the payment of all contracts. If the Project Officer finds any aspect of the invoice objectionable (for example, if the work was not performed), the Project Officer will disallow the invoice in whole or in part, by completing a 1900-68 Notice of Suspension form and sending a copy to the Contracting Officer, the Contractor, and the RTP Finance Center. Absent an objection from the Project Officer, the RTP Finance Center certifies the invoice in COMPASS. The Las Vegas Finance Center selects invoices due for payment and transmits them to the U.S. Treasury. The U.S. Treasury then issues payment for work performed. After the document is paid by the U.S. Treasury, the RTP Finance Center completes a redistribution process in the Contract Payment System to identify the specific site and amount per the Site-Specific Detail attachment received from the Project Officer. The transaction is transmitted to COMPASS. SCORPIOS will reflect the original schedule number and payment information for the specific Superfund site.

Indirect Costs

16. In addition to direct costs, EPA identifies indirect costs associated with site-specific Superfund activities. Indirect costs are costs that, by their nature, cannot be accounted for on a site-specific basis, but are necessary for the operation of the Superfund program and support site-specific cleanup efforts. Indirect costs include expenditures for facilities, legal, and audit services, and other support services.

17. Effective Fiscal Year 2001, EPA began using the Full Cost Indirect Rate Methodology to compute the indirect rate for Superfund sites. This methodology is in compliance with the Statement of Federal Financial Accounting Standards No. 4, Managerial Accounting Standards for the Federal Government.

18. The indirect rates for each EPA region, Region 10 included, are calculated by EPA Headquarters, Financial Management Division of the Office of the Chief Financial Officer, who loads the indirect rates into SCORPIOS. In this Declaration and the attached documentation, the rates as provided within SCORPIOS have been utilized to calculate the Indirect Rate amount.

Cost Documentation at the Desler Site

19. I have prepared the certified SCORPIOS Report for the Desler Site, covering costs from October 1, 1980, through July 31, 2012. The SCORPIOS Report has been reconciled with the supporting documentation and the EPA Financial System. An excerpt of this certified SCORPIOS Report, summarizing the costs incurred, is included as Exhibit A to this Declaration.

20. The certified SCORPIOS Report for the Desler Site reflects that EPA has incurred a total of \$1,589,752.52 in unreimbursed costs. This amount does not include enforcement costs

incurred by the Department of Justice, interest, or costs for conducting response activities at the Site beyond July 31, 2012.

21. To the best of my knowledge, the certified cost package for the Desler Site includes true and accurate copies of the cost documentation for the Desler Site. This documentation has been used to attest to the costs as stated herein.

22. Response costs through July 31, 2012, can be summarized in the following categories:

Regional Payroll Costs	\$ 57,370.59
Regional Travel Costs	\$ 4,495.75
Emergency Response Remedial Service (ERR) Contract	\$ 666,391.94
Other Expenditures	\$ 276.08
Superfund Technical Assistance Response Team (START)	\$ 405,634.31
EPA Indirect Costs	<u>\$ 455,583.85</u>
Total Site Costs:	\$1,589,752.52

23. Detailed and specific cost information for each response cost category above is contained in the certified SCORPIOS Report for the Desler Site. Based on my review of the SCORPIOS Report, the costs can be explained briefly as follows:

- a. EPA direct costs, including Regional payroll costs and Regional travel costs, were calculated as explained in paragraphs 9 through 13 of this Declaration.
- b. The Emergency Response Remedial Service (ERR) Contract category represents costs incurred by Environmental Quality Management, Inc. These costs represent pre-planning activities such as labor, travel, equipment, sampling, cleanup and/or remediation costs. This cost is a summation of invoices attributable to the Desler Site.

- c. The Other Expenditures category includes check fees, utilities during cleanup activities, and publishing costs for public notices. This cost is a summation of invoices attributable to the Desler Site.
- d. The Superfund Technical Assistance Response Team (START) Contract category represents contractor costs incurred by Ecology and Environment, Inc. These costs are for sampling, cleanup and/or remediation costs. This cost is a summation of invoices attributable to the Desler Site.
- e. EPA indirect costs were calculated as explained in paragraphs 16 through 18 of this Declaration.

24. Based on my review, the amounts set forth in the certified SCORPIOS Report covering the costs incurred and paid by EPA at the Desler Site from October 1, 1980, through July 31, 2012, are accurately stated and adequately documented.

25. EPA has incurred costs since July 31, 2012, and will likely continue to incur costs in the future. Those specific costs are not included in this declaration because they have not yet been certified in a SCORPIOS Report.

26. Pursuant to CERCLA Section 107(a), 42 U.S.C. § 9607(a), costs recoverable by EPA include interest, accrued from the date that payment of a specified amount is demanded from a party in writing.

27. On November 8, 2012, EPA filed its Complaint against Defendant, the Western States Land Reliance Trust (“WSLRT”), stating a demand for EPA response costs at the Desler Site and providing the amount noted above – \$1,589,752.52.

28. Interest was calculated on the principal amount of \$1,589,752.52, during the period from November 8, 2012, through April 1, 2013. The Bureau of Public Debt, Department of Treasury computes the interest rates to be assessed on Superfund debts, and those interest rates were used in conducting the calculations. The Certified Detailed Interest Cost for the Site is attached to this Declaration as Exhibit B.

29. Based on the calculations, the amount of interest owed, as of April 1, 2013, at the Desler Site totals \$4,892.08.

30. Considering both principal and interest, total outstanding EPA costs at the Desler Site are \$1,594,644.60, as of April 1, 2013.

31. EPA utilizes the COMPASS Data Warehouse system, which is a financial database, to verify payments made toward EPA costs. I have used the COMPASS Data Warehouse system to review payments for the Desler Site.

32. As of May 1, 2013, the majority of the \$1,594,644.60 in costs incurred by EPA for response actions at the Desler Site remains unreimbursed. In a related criminal case, Daniel Desler has been ordered to pay EPA at least \$50.00 per month in restitution towards EPA costs incurred at the Desler Site. As of May 1, 2013, Daniel Desler has paid \$280.00. Documentation of this amount is attached hereto as Exhibit C. Therefore, as of May 1, 2013, \$1,594,364.60 in costs incurred by EPA for response actions at the Desler Site remains unreimbursed.

33. EPA records indicate that as of May 1, 2013, WSLRT has not made any payment towards the outstanding balance of EPA costs at the Desler Site.

Under penalty of perjury, I declare that I have read the foregoing Declaration and that the facts stated in it are true to the best of my knowledge and belief.

Executed on this 14th day of May, 2013, in Seattle, Washington.

A handwritten signature in blue ink, reading "Carrie J. Williams", is written over a horizontal line.

Carrie Williams
Superfund Cost Recovery Accountant
U.S. Environmental Protection Agency
Region 10
1200 Sixth Avenue, Suite 900
Seattle, Washington 98101

CERTIFICATE OF SERVICE

This is to certify that on the 24th day of May, 2013, a true and correct copy of the foregoing Declaration and attached Exhibits was mailed by First Class Mail, postage pre-paid, to the following Defendant who has not yet entered an appearance at the address listed on the following Service List.

Western States Land Reliance Trust
c/o Daniel J. Desler, Registered Agent
1096 N Street
Springfield, Oregon 97477

/s/ Danica Anderson Glaser

DANICA ANDERSON GLASER